National Energy Board | Office national de l'énergie

National Energy Board

Departmental Performance Report

2009-2010

Gaétan Caron
Chair and CEO
National Energy Board

The Honourable Christian Paradis, P.C., M.P.
Minister
Natural Resources

Canada

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MESSAGE FROM THE CHAIR AND CEO

I am pleased to present this Departmental Performance Report to the people of Canada. The National Energy Board's (NEB or the Board) purpose is to regulate pipelines, energy development and trade in the Canadian public interest. In doing so, the Board examines carefully relevant safety, security, environmental, economic and social issues.

Pipeline safety and integrity and environmental protection are of paramount importance to the Board. In 2009-10, the NEB promoted pipeline safety by clarifying its expectations to industry and conducting audits and inspections across Canada. The NEB audit process was expanded to enable us to assess the adequacy of damage prevention programs developed by companies to facilitate their compliance with the *Pipeline Crossing Regulations*. During the year, there was an increase in some types of safety incidents; the NEB is working to understand the causes of these incidents and which requirements may be needed for pipeline companies to improve their safety and environmental performance.

The NEB continued its practice of thoroughly assessing applications and delivering its decisions in a timely manner. Some of the significant decisions released during 2009-10 pertained to the Alberta Clipper Expansion Project Detailed Route, Enbridge Pipelines Inc. Line 9 Tolls, the Keystone XL Pipeline Project and the Groundbirch Pipeline Project. The NEB also assumed jurisdiction for TransCanada's Alberta System, adding nearly 24,500 km to the amount of NEB-regulated pipeline, an increase of approximately 50 per cent.

As part of its Energy Information Program, the NEB released a number of publications to keep Canadians informed on energy matters. Of note were the *2009 Reference Case Scenario: Canadian Energy Demand and Supply to 2020*, the *2009 Canadian Pipeline Transportation System – Transportation Assessment* and the *Canadian Energy Overview 2008*.

To ensure we have a thorough understanding of the environment in which we act, the NEB seeks opportunities to understand the views and interests of its many and diverse stakeholders. Through such opportunities, the NEB also promotes understanding and awareness among stakeholders of the NEB's role. For example, during the past year, the NEB met with several environmental organizations to gain their perspective on environmental issues. We also met with northern organizations to exchange ideas and to identify ways to ensure approved energy projects in the North are developed in a sustainable and timely way.

During our Land Matters Consultation Initiative we heard from landowners and Aboriginal groups about the need for a participant funding program. The Government of Canada responded by announcing it would provide the NEB with the legislative authority to establish a Participant Funding Program to improve engagement of the public, stakeholders and Aboriginal peoples in the review of major energy projects. In 2009-10, the NEB also introduced an Enhanced Aboriginal Engagement program to engage Aboriginal communities earlier in our processes and facilitate their participation during NEB proceedings.

Looking to the future, I am confident we will continue to successfully pursue our mandate on behalf of Canadians, thanks to the knowledge, commitment and experience of our Board members and staff.

Gaétan Caron
Chair and CEO

SECTION I : AGENCY OVERVIEW

1.1 Summary Information

Raison d'être

The National Energy Board's purpose is to promote safety and security, environmental protection and efficient energy infrastructure and markets in the Canadian public interest[1] within the mandate set by Parliament in the regulation of pipelines, energy development and trade.

The NEB's corporate vision is to be active, effective and knowledgeable in the responsible development of Canada's energy sector for the benefit of Canadians.

Excellence at the NEB is driven by organizational and personal commitment to three key corporate values:

- Integrity: We are fair, transparent, and respectful
- Regulatory Leadership: We are responsive, proactive and innovative
- Accountability: We support and hold each other accountable to deliver timely, high quality results in the Canadian public interest

Responsibilities

The NEB is an independent federal agency, established in 1959, that regulates several aspects of Canada's energy industry. Its purpose is to promote safety and security, environmental protection and efficient energy infrastructure and markets in the Canadian public interest within the mandate set by Parliament in the regulation of pipelines that cross international or provincial borders, pipeline tolls and tariffs, international power lines and designated interprovincial power lines. The NEB also regulates natural gas imports and exports, oil and natural gas liquids exports, electricity exports and some oil and gas exploration on frontier lands in Canada's North and certain offshore areas. In addition, the NEB provides Canadians with information about Canadian energy markets. The NEB reports to Parliament through the Minister of Natural Resources.

The Board's responsibilities include evaluating the potential effects of proposed projects; monitoring and enforcing terms and conditions during and after construction; and monitoring and regulating ongoing operations, including deactivation and abandonment. The functions of the NEB with respect to pipelines, international power lines and energy trade are set out in the *National Energy Board Act* (NEB Act). The Board also has regulatory responsibilities under the *Canada Oil and Gas Operations Act* (COGO Act) and under certain provisions of the *Canada*

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1 The public interest is inclusive of all Canadians and refers to a balance of economic, environmental, and social interests that changes as society's values and preferences evolve over time.

Petroleum Resources Act (CPR Act) for oil and gas exploration and activities on frontier lands not otherwise regulated under joint federal/provincial accords. In addition, some Board compliance personnel are appointed Health and Safety officers by the Minister of Labour to administer Part II of the *Canada Labour Code* as it applies to facilities regulated by the Board. The NEB is also required to meet the requirements of the *Canadian Environmental Assessment Act* (CEA Act) and the *Mackenzie Valley Resource Management Act*.

The NEB, as an independent regulatory tribunal, is guided by the principles of natural justice and procedural fairness. The Board is a court of record and has certain powers of a superior court of record including those for attendance, swearing and examination of witnesses, the production and inspection of documents, the enforcement of its orders and the inspection of property. The Board's regulatory decisions are, except in rare circumstances, issued as public documents.

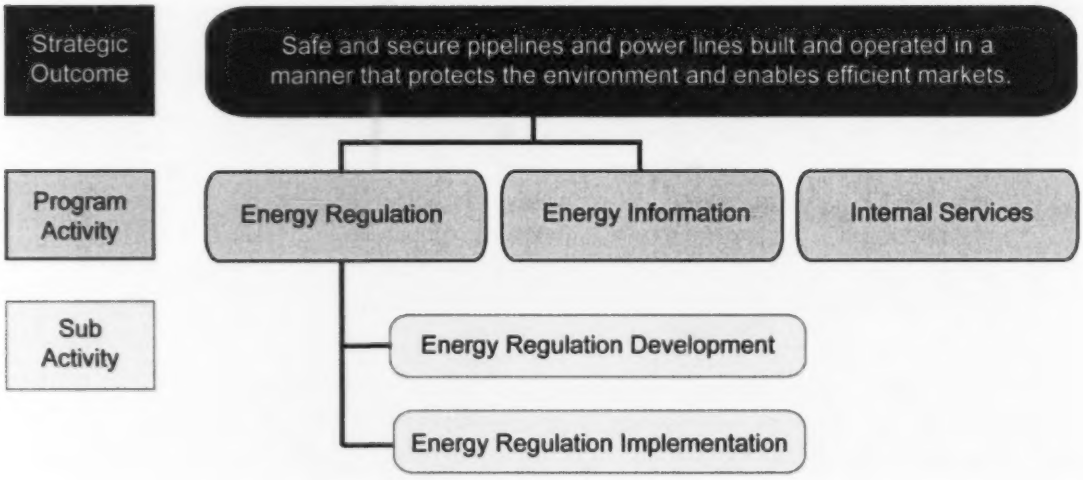
Strategic Outcome

To effectively achieve its purpose, the NEB strives to achieve the following strategic outcome:

Safe and secure pipelines and power lines built and operated in a manner that protects the environment and enables efficient markets.

Program Activity Architecture

The chart below illustrates the NEB's framework of program activities and sub-activities through which the Board works toward achieving its Strategic Outcome.


Strategic Outcome
Safe and secure pipelines and power lines built and operated in a manner that protects the environment and enables efficient markets.
Program Activity
Energy Regulation
Energy Information
Internal Services
Sub Activity
Energy Regulation Development
Energy Regulation Implementation

Program Activity Architecture Crosswalk

	Previous Title	Revised Title(s)	Rationale for Modification
Strategic Outcome	Safety, security, environmental protection and economic benefits through regulation of pipelines, power lines, trade and energy development within the National Energy Board's jurisdiction.	Safe and secure pipelines and power lines built and operated in a manner that protects the environment and enables efficient markets.	The changes in the Strategic Outcome statement were made to meet Treasury Board requirements regarding clarity, being long-term and enduring in nature, measurability, representation of an end-state, and existing at an appropriate level for the organization.
Program Activity	Energy Regulation and Advice	Energy Regulation Energy Information	The NEB's single program activity was split into two major programs: Energy Regulation and Energy Information. The changes in the PAA framework are based on Treasury Board requirements regarding intended impacts, clear governance, unique expected results, unique performance indicators and reportability as a unique element.
	Internal Services	No change	No change

The table below illustrates the redistribution of financial resources in fiscal year 2009-10 as a result of the PAA changes:

	Previous Title	Financial Resources ($ millions)	Revised Title(s)	Redistribution of Financial Resources ($ millions)
Program Activity	Energy Regulation and Advice	44.4	Energy Regulation Program	20.7
			Energy Information Program	7.3
			Internal Services	16.4

1.2 Summary of Performance

The financial and human resources table below provides a summary of total planned and actual spending and human resources for 2009-10.

2009–10 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending[2]
44.4	63.8	56.2

2 The variance between Actual Spending and Total Authorities is attributed to: fewer hearings than anticipated; lower salary costs due to a lag between Treasury Board approval to fund 56 additional FTEs and the subsequent staffing of these positions; and Operating and Maintenance expenditures which were cancelled or moved to 2010-11.

2009–10 Human Resources (FTEs)

Planned	Actual	Difference[3]
347.6	377.4	+30.2

Strategic Outcome 1: Safe and secure pipelines and power lines built and operated in a manner that protects the environment and enables efficient markets.		
Performance Indicators	**Targets**	**2009–10 Performance**
Frequency of disabling injuries and pipeline failures[4]	Zero disabling injuries and zero pipeline failures Assessed via reported incidents and year by year improvement	Performance Status: Somewhat Met Disabling injuries: 3. Decrease from ten disabling injuries in 2008-09. Pipeline failures: 4. Increase from one pipeline failure in 2008-09.
Frequency of major releases into the environment (Major release = greater than 100 m^3 of liquid hydrocarbon)	Zero releases Assessed via reported incidents and year by year improvement	Performance Status: Mostly Met Major Releases > 100 m^3: 2. Increase from zero major releases in 2008-09.
Canadian energy and transportation markets are working well	Adequate oil and natural gas pipeline capacity in place Similar Canadian and US energy markets have equivalent pricing Pipeline companies provide services which meet the needs of shippers	Performance Status: Mostly Met More than adequate capacity on gas pipelines. Tight oil pipeline capacity in 2009-10 with some apportionment during the year. Considerable oil capacity under construction in 2009 and 2010. Canadian energy market prices were well connected to North American prices indicating adequate transportation and trade between the two markets. The Pipeline Services Survey was not conducted in 2009-10 to assess this performance indicator. This biennial survey is planned to occur again in 2010-11.

3 The number of Actual FTEs versus Planned FTEs is higher due to Treasury Board approval of funding for 56 additional FTEs.

4 Pipeline "failure" and pipeline "rupture" are used as interchangeable terms in this report.

($ millions)

Program Activity	2008–09 Actual Spending	2009–10[5]				Alignment to Government of Canada Outcomes
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Energy Regulation	26.0	20.7	20.7	33.1	29.1	Strong Economic Growth
Energy Information	6.1	7.3	7.3	7.5	6.8	
Internal Services	18.3	16.4	16.4	23.2	20.3	
Total	**50.4**	**44.4**	**44.4**	**63.8**	**56.2**	

Contribution of Priorities to Strategic Outcome

Operational Priorities	Type	Status	Linkages to Strategic Outcome
Demand for new and enhanced regulatory programs	New	Performance Status: Mostly Met • Feasibility of extending the NEB's management systems to encompass the rights and interests of those affected by NEB-regulated facilities and activities was examined in 2009-10. The extension was found to be feasible and the NEB is now developing its regulatory program in this area. Draft regulatory principles have been established and the Board is assessing the readiness of regulated pipeline companies to comply with these regulatory principles. • Enhanced Aboriginal Engagement program implemented for Keystone XL, NOVA Gas Transmission Ltd. (NOVA or NGTL) Groundbirch, NGTL Horn River and Enbridge Northern Gateway projects. • Work to improve the legislative framework in the North was deferred in light of other initiatives.	SO-1 PA: Energy Regulation The development of new and enhanced regulatory programs is critical to ensuring that the NEB continues to meet its purpose in the evolving Canadian energy landscape.
Improve regulatory processes	Previously committed to	Performance Status: Mostly Met • Promoted safety and pipeline integrity through information sharing at an NEB safety workshop held in May 2009. The NEB also provided presentations at the International Pipeline Conference and the Banff 2009 Pipeline Workshop on safety and integrity-related topics. • Clarified expectations of safety and pipeline integrity programs through a proactive audit	SO-1 PA: Energy Regulation Improving regulatory processes reflects the NEB's strategy to create and adopt best practices and its commitment to provide transparent, accountable and responsive regulatory processes.

5 Commencing in the 2009-10 Estimates cycle, the resources for Program Activity: Internal Services is displayed separately from other program activities; they are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by Program Activity between fiscal years.

Operational Priorities	Type	Status	Linkages to Strategic Outcome
		and inspection program. The NEB continues to meet with regulated pipeline companies to review their incidents and discuss ways to improve industry performance. • Continued to update and modernize regulations and streamline regulatory processes. Amendments to the *Cost Recovery Regulations* affecting the electricity industry came into force in 2010 to improve the clarity and effectiveness of the cost recovery system. Internet-based applications were introduced for import and export authorizations. • Developed *Damage Prevention Regulations* to address the issue of protecting buried oil and gas pipelines from third-party damage. The regulations are in the regulatory process. • Incorporated risk-based lifecycle management into the planning process for compliance verification activities. • Worked in partnership with other regulators and governments to enact the new *Canada Oil and Gas Drilling and Production Regulations*.	
Build partnerships for regulatory efficiency and effectiveness	Previously committed to	Performance Status: Met All • Streamlined regulatory processes by signing four project agreements coordinated by the Major Projects Management Office (MPMO). • Signed Joint Review Panel agreement with the Canadian Environmental Assessment Agency (CEA Agency) to partner on the environmental assessment of the Enbridge Northern Gateway application. Progress on streamlining regulatory processes in partnership with the CEA Agency. • Strengthened partnerships with agencies in the North to share knowledge and to prepare for future northern development.	SO-1 PA: Energy Regulation Building partnerships is key to achieving enhanced regulatory efficiency and effectiveness. Through strong partnerships with other departments and agencies, the NEB can share information and best practices and reduce regulatory duplication, resulting in improved safety, security and environmental outcomes.
Effective engagement in NEB processes	Previously committed to	Performance Status: Mostly Met • In partnership with the MPMO, the CEA Agency and the Canadian Nuclear Safety Commission, participant funding provisions were added to the *Budget Implementation Act* and the NEB is now planning program implementation.	SO-1 PA: Energy Regulation Implementing a participant funding program will support eligible stakeholders in effectively engaging in NEB regulatory processes.

Management Priorities	Type	Status	Linkages to Strategic Outcome
Employee planning and development	Previously committed to	Performance Status: Met All • Completed implementation of a learning and development framework to facilitate employee orientation, skill development and retention. • Secured funding for 56 FTEs to ensure the NEB is able to meet an increased workload due to assumption of jurisdiction of TransCanada's Alberta System (Nova Gas Transmission Line or NGTL), the implementation of the actions stemming from the Board's Land Matters Consultation Initiative (LMCI) in 2008, and the initiation of an Enhanced Aboriginal Engagement program. • Increased investment in teams and focus on leadership in the organization. Reorganized to align program focus and reduce number of direct reports. Implemented an emerging leaders program.	SO-1 PA: Internal Services Considerable expertise is required throughout the organization to carry out the NEB's mandate. The new learning and development framework will facilitate employee learning and retention, facilitating the NEB's continued delivery of efficient and effective programs and services.
Improve corporate effectiveness	Previously committed to	Performance Status: Met All • Completed first phase of improving financial management. Financial accounting and management processes were incorporated into the Quality Management System (QMS). Finally, financial processes were also more closely aligned to planning and reporting processes. • Developed and implemented Business Continuity Plan to enhance security and business continuity. • Continued progress on integrating QMS throughout the organization. • Progress on integrating planning processes across programs and systems. • Developed and implemented the Integrated Risk Management framework, policy and profile.	SO-1 PA: Internal Services Improving corporate processes will help achieve organizational efficiencies to support the delivery of NEB programs and services.
Improved information management	Previously committed to	Performance Status: Met All • Implemented Records, Document and Information Management System as a part of the Information Management Renewal Project. • Completed the initial feasibility assessment on the development of a company information system to manage data in support of the risk-based lifecycle approach to regulation. Project was placed on hold due to competing priorities. • Continued efforts to make the NEB's paper and microfiche Frontier Information Office records available in digital format, including pursuit of funding. • Converted approximately 400,000 essential record images to digital format. This project will continue in 2010-11.	SO-1 PA: Energy Regulation Internal Services Information systems improvements will improve regulatory effectiveness in line with the Board's risk-based approach and will allow the NEB to better manage program records.

Risk Analysis

Organizational Context

The NEB continued to operate in a changing economic landscape in 2009-10. The year 2009 was a recession year in Canada with the gross domestic product (GDP) declining 2.5 per cent. While the economy recently has seen some recovery from the volatility of the global recession, uncertainties remain. Crude oil prices, although down significantly from the highs of 2008, climbed from about US$40 per barrel in March 2009 to US$80 per barrel in March 2010. Despite the recession throughout North America, the demand for Canadian crude oil continued to grow. Two major oil pipeline projects, Alberta Clipper Expansion Project and Keystone XL, were approved under NEB jurisdiction. These projects are primarily designed to increase the amount of oil sands production exported to the United States.

Natural gas prices stayed relatively flat in the US$4-5 per MMBtu range throughout that period. This was in part due to the economic recession and its impact on energy demand as well as the continued development of unconventional gas resources, including shale gas, throughout North America. Unconventional gas resources, particularly in northeastern British Columbia, continued to be developed and additional pipelines were needed to connect these resources to the North American pipeline grid. Despite the economic recession, the energy sector, including pipelines, remained relatively robust and the demand for regulatory oversight continued to be strong throughout the year.

Compared with the global boom in infrastructure development and changing demographics that increased costs for equipment, materials and labour over the last couple of years, pressures in the labour market eased somewhat in 2009-10, but remained high from a historical perspective.

Environmental concerns and public interest in energy infrastructure development, particularly in the oil sands, are growing. Interest from landowners and landowner associations, Aboriginal groups, and Environmental Non-Governmental Organizations (ENGOs) has been increasing since the mid-1990s. There is a growing need for reliable, unbiased and timely information to inform the public debate on energy and environmental issues.

The NEB was considerably affected in 2009-10 by the Board's decision in February 2009[6] to approve the transfer of jurisdiction of the NGTL system to the NEB. This added nearly 24,500 km of pipeline and hundreds of above-ground facilities in Alberta to the roughly 45,000 km of pipeline already under federal jurisdiction, a 50 per cent increase in the amount of pipeline the NEB regulates. This system contains a variety of facilities of different vintages and operating conditions and the NEB had to be very diligent to ensure proper regulatory oversight throughout the transition.

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6 National Energy Board's GH-5-2008 Reason for Decision was released on 26 February 2009 and the Certificate of Public Convenience and Necessity GC-113 was approved by the Governor in Council on 2 April 2009.

Risks, Implications and Strategies

The economic boom that put pressure on labour markets in 2008-09 began to ease in 2009-10. Because of this general change in the labour market, the NEB was able to stabilize its staff complement during the year. Taking regulatory responsibility of the NGTL system increased the NEB's workload; however, the Board was able to secure additional funding to deal with it. This allowed the Board to shift its focus from recruitment of staff to strategies for retaining and growing its talent and developing leaders to meet future needs. The NEB continued to develop and implement its learning and development framework to maintain the expert knowledge within the NEB required to deal with the changing Canadian energy landscape. Over the past year, the Board has determined the core skills required for a number of its key regulatory programs and has developed in-house training and arranged external training to facilitate skill development for these core regulatory processes. Certain skill sets required by the Board continue to be highly sought after by industry and the Board is still challenged to offer an attractive workplace.

The Board remains current on aspects of energy exploration, production and transportation through active participation in organizing and attending forums such as the Canadian Society for Unconventional Gas and the International Pipeline Conference. In addition to attendance at external conferences and forums, the Board provides internal training through seminars and workshops on topics that ensure it has the expertise to regulate industry.

Canada's federally-regulated pipeline and power line systems transported $75 billion of energy in 2009 in a safe, environmentally sound and economically efficient manner. However, safety and the maintenance of the physical integrity of pipelines must remain a continuing focus of the Board as the physical infrastructure for energy transportation ages. The NEB continued in 2009-10 to communicate its expectations on safety to industry and to develop leading safety indicators. An increase in pipeline ruptures and incidents has led the NEB to take increased action to influence the reversal of this trend. This spike is attributed in part to the significant increase in the amount of pipeline the NEB now regulates due to the transfer of jurisdiction of the NGTL system. In 2010-11, an analysis of root causes of incidents will be conducted and key learnings will be communicated to industry and incorporated into the NEB's safety and integrity management programs.

The NEB made progress in 2009-10 in updating and modernizing the regulations under which it operates. Board staff chaired a committee that developed a new Canadian Standards Association standard on security management for the petroleum and natural gas industry. This standard was then incorporated into the *Onshore Pipeline Regulations, 1999* and the *Processing Plant Regulations* through proposed amendments. Progress toward modernizing regulations was also made in 2009 with the introduction of the *Canada Oil and Gas Drilling and Production Regulations*, which are an amalgamation and modernization of the *Canada Oil and Gas Drilling Regulations* and the *Canada Oil and Gas Production and Conservation Regulations*. With these actions, the Board will continue to have the tools it needs to effectively produce regulatory outcomes that are in the public interest.

In 2009-10, significantly higher expectations were placed on the NEB by landowners, landowner associations, Aboriginal groups and ENGOs. Many landowners have expressed concern regarding the impact of pipeline development near or on their land. To address landowner

concerns, the NEB undertook the LMCI in 2008. The consultation was completed in 2009 and recommendations were then translated into work plans. As this work continues, regular updates are published on the NEB website (www.neb-one.gc.ca) to enable landowners to inform themselves on progress.

In line with the federal government's MPMO initiative, the NEB implemented the Enhanced Aboriginal Engagement program, an extension to the work of the existing Aboriginal Engagement program. The Aboriginal Engagement program helps the Board keep up with the evolving participation and communication needs of Aboriginal groups by identifying and working to remove barriers to Aboriginal participation in NEB proceedings.

To maintain trust in its processes, it is critical that the NEB work to improve public understanding and awareness of the NEB's role. This year, trips were made to Nunavut to engage with northern stakeholders and to improve their understanding of the NEB's role and processes. As well, the NEB learned about northern organizations and their responsibilities. In 2009-10, the NEB also met with a number of ENGOs across Canada to develop an appreciation of their concerns and to share information on NEB regulatory processes.

Expenditure Profile

Total Authorities

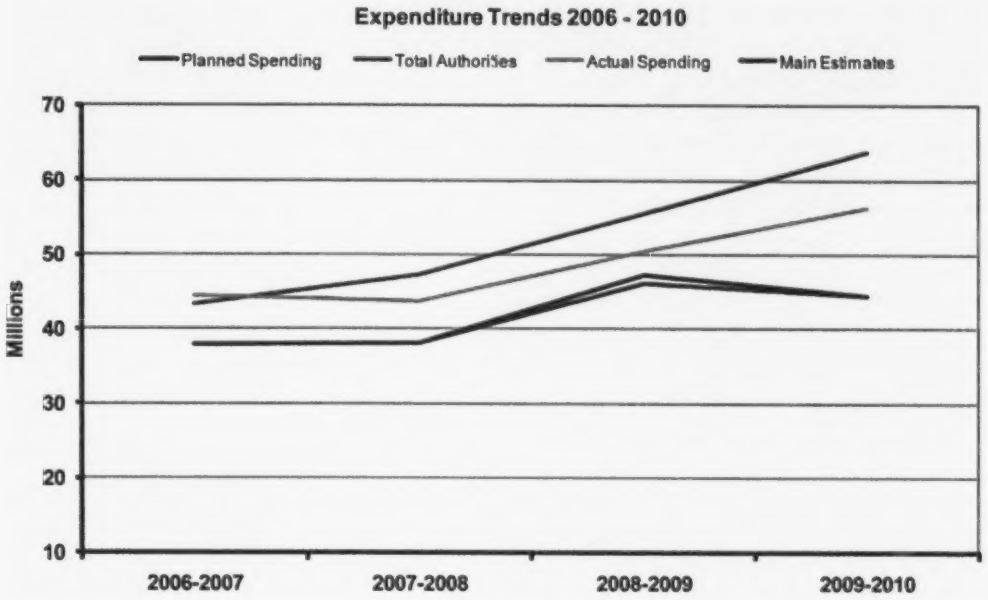
During the 2009-10 fiscal year, NEB total authorities increased by $19.4 million due to the following main increases received throughout the year:

- $9.6 million for the NGTL system, the LMCI and the Enhanced Aboriginal Engagement program;
- $5.4 million for compensation adjustment for the impact of the Collective Agreement and other related adjustment signed as of 1 Nov 2008;
- $1.1 million for Year–end adjustment to the Employee Benefit Plans;
- $2.0 million for Operating Budget Carry Forward from FY 2008-09; and
- $1.3 million for reimbursement of NEB Eligible Paylist expenditures for FY 2009-10.

Actual Spending

In 2009-10, NEB total expenditures were $56.2 million, which was $7.6 million less than total authorities. Due to a drop in the number of major applications in 2009-10, the NEB saw a decrease in hearings and under spent its hearing allocation by $1.5 million. The NEB lapsed almost $5.0 million in personnel expenditures due to the inability of the NEB to staff all of the 56 new FTEs it received in-year. This staffing will be completed in the 2010-11 fiscal year. Finally, Operating and Maintenance expenditures had a lapse of $0.9 million due to fewer than anticipated staff and to projects that were cancelled or moved to 2010-11.

NEB Spending Trends 2006/07 – 2009/10



Voted and Statutory Items

($ millions)

Vote # or Statutory Item (S)	Truncated Vote or Statutory Wording	2007–08 Actual Spending	2008–09 Actual Spending	2009–10 Main Estimates	2009–10 Actual Spending
25	Operating expenditures	39.1	45.0	39.4	50.0
(S)	Contributions to employee benefit plans	4.7	5.4	5.0	6.2
	Total	43.8	50.4	44.4	56.2

SECTION II : ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

2.1 Strategic Outcome

Safe and secure pipelines and power lines built and operated in a manner that protects the environment and enables efficient markets.

The NEB operates and delivers its programs within a framework of five integrated goals:

- NEB-regulated facilities and activities are safe and secure, and are perceived to be so.
- NEB-regulated facilities are built and operated in a manner that protects the environment.
- Canadians benefit from efficient energy infrastructure and markets.
- The rights and interests of those affected by NEB-regulated facilities and activities are respected.
- The NEB delivers quality outcomes through innovation and leadership.

These goals provide the framework for the NEB to achieve its strategic outcome. The goals also identify expected results for the NEB program activities and have related measures and targets.

The NEB's Strategic Plan outlines the NEB's vision and purpose, and provides the structure for the goals framework. More information on the Strategic Plan and NEB service standards is available on the NEB's website (www.neb-one.gc.ca).

2.2 Program Activity: Energy Regulation

The Energy Regulation Program provides the Canadian public, project proponents and other government agencies with regulation of international and designated interprovincial power lines; construction, operations, and tolls and tariffs on international and interprovincial pipelines; energy trade; and exploration and development in certain frontier and offshore areas. The companies that are regulated by the Board create wealth for Canadians through the transport of oil, natural gas and natural gas liquids, and through the export of hydrocarbons and electricity. As a regulatory agency, the Board's role is to help create a framework which allows these economic activities to occur when they are in the public interest[7].

7 The public interest is inclusive of all Canadians and refers to a balance of economic, environmental and social interests that changes as society's values and preferences evolve over time.

Program Activity: Energy Regulation					
2009–10 Financial Resources ($ millions)			2009–10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
20.7	33.1	29.1	179.7	180.85	+1.15

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
NEB-regulated facilities and activities are safe and secure, and are perceived to be so	Companies have adequate and effectively implemented safety, integrity and environmental management systems and programs	100% of companies regulated by the NEB have safety, integrity and environmental systems and programs in place	Not Met	Two audits completed and two audits deferred as audit procedures are under review. Performance improved from last year with the average number of findings per audit in 2009-10 showing a decrease of 66% from previous years.
	Percent of planned compliance activities completed	100% of planned compliance activities are completed	Mostly Met	90% of planned activities were completed. Completed planned activities by management area: Emergency Management 88%, Pipeline Integrity 87%, Safety 89% and Security 100%. The NEB was not able to complete all planned work due to reallocation of resources to construction activities and incident investigations.
	Public perception of pipeline safety (assessed through a survey to be conducted every three years)	Establish a baseline for the level of public perception of pipeline safety	Not Measured	The Board deferred its planned stakeholder survey until 2010-11 to allow time for the implementation of Land Matters Consultation Initiative (LMCI) recommendations. Therefore, data to support this measure is not available.
NEB regulated facilities are built and operated in a manner that protects the environment	Percent of planned environmental compliance activities completed	100% of planned compliance activities are completed	Met All	100% of planned environmental compliance activities were completed.
	Public satisfaction with environmental protection (assessed through a survey to be conducted every three years)	Establish a baseline for the level of public satisfaction with environmental protection for activity related to energy infrastructure development	Not Measured	The Board deferred its planned stakeholder survey until 2010-11 to allow time for the implementation of LMCI recommendations. Therefore, data to support this measure is not available.

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
Canadians benefit from efficient energy infrastructure and markets	The Board's regulatory processes are measurably efficient and effective	All NEB service standards for its regulatory services are met (service standards are available on the NEB website at: www.neb-one.gc.ca)	Mostly Met	90% of service standards met. Details on service standard performance are provided in Section III.
	Percent of planned financial regulatory audits completed	100% of planned financial regulatory audits are completed	Met All	100% of planned financial regulatory audits were completed.
The rights and interests of those affected by NEB-regulated facilities and activities are respected	Stakeholders are satisfied with NEB processes, information and interaction	Majority of stakeholders are satisfied with NEB processes, information and interaction	Not Measured	The Board deferred its planned stakeholder survey until 2010-11 to allow time for the implementation of LMCI recommendations. Therefore, data to support this measure is not available.

Benefits for Canadians

This program activity provides Canadians with regulation of international and interprovincial pipelines, international power lines, energy development and trade. The regulatory framework focuses on ensuring Canadians have safe, secure and economically efficient energy infrastructure that is built and operated in a manner that protects the environment. The NEB contributes to Canada's energy future by creating a regulatory framework that integrates economic, environmental and social dimensions of the facilities and the activities it regulates in the public interest. This framework enables procedural fairness and effective regulatory processes. It provides expectations for the regulated industry through an approach, which combines prescriptive elements and specific outcomes that are goal-based and encourage innovation.

Federally-regulated systems transported nearly $75 billion of energy in 2009 to markets in Canada and elsewhere. Federally-regulated companies create wealth for Canadians through jobs, taxes and the export of hydrocarbons and electricity. The Canadian energy industry accounted for 6.7 per cent of Canada's GDP in 2009. In 2009, the revenue generated from energy exports from Canada totalled $81 billion and accounted for 22 per cent of total Canadian export revenue.

Performance Analysis

The NEB analyzes its performance and progress toward its Strategic Outcome by evaluating the results of its performance measures and planned objectives described in the *2009-2010 Report on Plans and Priorities* and the circumstances influencing these results.

Safety and the Environment

The safety of the public and the people who build and operate pipelines regulated by the NEB and the protection of the environment is of paramount importance to the Board. The NEB continually looks for ways to improve the safety performance of the federal pipeline industry so that incidents and injuries are minimized. The Board uses a risk-based approach to regulation to focus on companies requiring higher levels of regulatory compliance oversight. The NEB takes a proactive approach to addressing its concerns including clarifying expectations through updated regulations; sharing trends and learnings; building an effective reporting structure for safety and pipeline integrity information; and, where necessary, issuing safety and other orders. The Board asks companies to share their performance data related to occupational injuries, leaks and spills. The Board has a comprehensive field oversight program which includes inspections and audits of facilities under construction and in operation. Companies are required to report all incidents as defined in the NEB's regulations. This data is used by the NEB to analyze individual, as well as, industry performance.

Overall, the pipeline industry continues to be a safe mode of transportation for the delivery of energy to Canadians.

- There were three disabling injuries on NEB regulated pipelines in 2009-10, which is a decrease from ten in 2008-09;
- There were four pipeline ruptures in 2009-10, which is an increase from one rupture in 2008-09;
- There were 157 incidents, such as worker injuries, unintended gas leaks and pipeline ruptures in 2009-10. This is a 24 per cent increase from the previous year. There were 145 crossing violations, which is comparable to 2008-09;
- There were two major oil releases (greater than $100m^3$) in 2009-10, which is up from zero major oil releases in 2008-09. There were 55 natural gas releases in 2009-10, which is up from ten the previous year;
- There were nine releases of 100L or more of hydrocarbons or other contaminants reported under the COGO Act (from oil and gas exploration and production facilities located in the Northwest Territories or Nunavut), which is a 22 per cent increase over the previous year; and
- There were three minor oil releases (between $1.5m^3$ and $100m^3$) in 2009-10, which is a decrease from 14 in 2008-09.

Due to increased regulatory oversight and improved safety and integrity management systems, there has been an increase in reporting from companies on incidents and issues, especially unintended gas releases and high-pressure incidents. The transfer of jurisdiction of the NGTL system to the NEB increased the length of pipeline being monitored by the NEB by nearly 24,500 km. This led to more incidents being reported, but on a normalized basis when considering worker hours and pipeline kilometres, the rate of incidents did not change.

Building a Safety Culture

The increase in some types of incidents in 2009-10 has highlighted the need for an in-depth analysis of their root causes. This analysis will identify underlying trends and provide the basis for future actions required to make the pipeline industry continually safer. The Board will also review whether its regulations continue to provide the best regulatory framework for improved safety performance.

Work was initiated in 2009-10 on a mandatory reporting structure for safety and integrity data. This will improve reporting by federally-regulated pipeline companies by focusing on performance leading indicators and will help to further enhance pipeline safety and integrity. A project was also initiated in 2009-10 to develop an information system to support the NEB's continued progression toward a risk-based lifecycle approach to the regulation of energy infrastructure. An initial feasibility assessment showed that some of the NEB's processes were not sufficiently developed to be automated at that time. During the fiscal year, documentation of the NEB's compliance verification processes was substantively completed; however, development of the information system has been deferred due to a shift in priorities. A revised feasibility study of the information system project is planned for 2010.

The NEB's commitment to regulatory oversight applies to the entire lifecycle of a pipeline or facility, from application to abandonment. Compliance activities allow the NEB to assess the level of risk associated with a facility as well as the company's performance in managing risk during construction, operation and abandonment. Compliance activities are another way the NEB influences positive outcomes in safety, security and the environment. In 2009-10, the NEB completed 90 per cent of its planned compliance activities related to safety, security, integrity, and emergency management and 100 per cent of its planned environmental compliance activities. In addition to planned activities, 51 unplanned compliance activities, such as incident investigations and audit follow-ups, were conducted in response to arising issues. Planned compliance activities not completed in 2009-10 are included in the NEB's 2010-11 compliance work plan.

In addition to its compliance verification and monitoring activities, the NEB conducted a number of outreach activities, including a public forum on pipeline safety in May 2009. This event provided companies, consultants and the public with current information on safety, regulatory initiatives and compliance requirements. Over 300 people attended the one and a half day forum, where the Board presented information on over 20 topics.

In 2009-10, the NEB initiated work to focus on reducing pipeline crossing violations. This work includes increased enforcement of crossing regulations and providing a stronger presence on the Canadian Common Ground Alliance, a not-for-profit association which works toward ongoing development and promotion of industry best practices to protect the public and the environment from damage to underground infrastructure. The NEB also created a Damage Prevention program in response to increased reports of unauthorized crossing activities. During the year, NEB inspectors conducted inspections on rights of way across most of Canada. The Damage Prevention program is proactive, geographically focused and inclusive of all involved, with special emphasis on education and stakeholder engagement.

The NEB's safety program also includes pipeline security. In 2009-10, the Board enhanced its focus on security through the completion of a new Canadian Standards Association standard (CSA Z246.01-09), Security Management for Petroleum and Natural Gas Industry System. This standard will assist the energy industry in developing and implementing security management programs. In support of the new standard, the Board issued a Notice of Proposed Regulatory Change in November 2009. This proposed amendment to the *Onshore Pipeline Regulations, 1999* and the *Processing Plant Regulations* will require companies to have a Security Management Program that meets the requirements of the new standard.

Protecting the Environment

The NEB takes a lifecycle approach to the management of environmental issues throughout all phases of a regulated facility including the planning and application phase, the application assessment and public hearing phase, the construction and post construction phase, the operations and maintenance phase, and the abandonment phase. In 2009-10, the Board initiated a project to better communicate to the public the types of reclamation activities that are taking place on pipeline rights of way and how the NEB is working to minimize environmental impacts. The Board will enhance its website information on environmental protection in 2010-11.

The NEB also continued to build on relationships established with Environmental Non-Governmental Organizations (ENGOs). NEB staff met with a number of ENGOs to enhance the Board's understanding of their concerns and to help them better understand the NEB's mandate and regulatory processes. The NEB has committed to these ENGOs to enhance the flow of information from the Board and to consult with them more effectively on the NEB's Energy Information Program.

Respecting the Rights and Interests of those Affected

The NEB is committed to extending its risk-based lifecycle management system for safety, security and protecting the environment to encompass the rights and interests of those affected by NEB-regulated facilities and activities. To this end, the Board conducted a major initiative, the LMCI, in 2008-09. The LMCI provided a forum for discussion on land matters to improve understanding of issues and to identify new ways to incorporate these issues into the NEB's public interest considerations. Following the consultation process, the Board released an action plan outlining how concerns raised during consultations will be addressed. Implementation of this plan will continue in 2010-11.

In 2009-10, the NEB provided regulatory clarification on the financial treatment of pipeline abandonment costs and developed a corresponding workshop. The Board established a multi-stakeholder working group to develop additional guidance on crossings to support safety and security of pipelines. The Board also developed and published physical abandonment principles. Board staff met with landowners, Aboriginal groups, special interest groups and other stakeholders more than ever before. For example, community visits took place months before project applications were filed, the NEB proactively identified community initiatives to attend, and the Board responded to invitations for community events. Additionally, communications tools and processes were updated with a focus on improving company interactions with landowners and improving the accessibility of NEB processes.

Promoting Effective Engagement

The NEB is committed to ensuring that appropriate engagement is carried out for projects where there is a potential impact to the rights and interests of Aboriginal groups. In line with the federal government's Major Projects Management Office (MPMO) initiative, the NEB implemented its Enhanced Aboriginal Engagement program, an extension to the work of its existing Aboriginal Engagement program. The program helps identify and remove barriers to Aboriginal groups' participation in NEB proceedings. The Enhanced Aboriginal Engagement program was successfully implemented for the Keystone XL, NGTL Groundbirch, and NGTL Horn River projects and is expected to be significantly used for the Enbridge Northern Gateway project.

In 2009-10, a major breakthrough was made on participant funding. Participant funding provisions have been added to the *National Energy Board Act* (NEB Act) through the *Budget Implementation Act* introduced in March 2010. The NEB's Participant Funding Program (PFP) will provide financial assistance to support the engagement of Aboriginal groups, landowners, not-for-profit organizations and other eligible persons in the regulatory assessment processes for major facility projects. The NEB's PFP will apply to public hearing processes for major energy projects within its jurisdiction. In past years, a lack of participant funding for facility hearings has been cited as an obstacle to the accessibility of NEB processes. The program will be modeled after the existing Canadian Environmental Assessment Agency program.

Efficient Energy Infrastructure and Markets

The NEB promotes efficient energy infrastructure and markets by regulating international and interprovincial pipeline and electrical transmission facilities, pipeline tolls and tariffs, and energy imports and exports. The NEB continually monitors the effectiveness and efficiency of its regulatory processes. One way the Board does this is through service standards that identify specific delivery timelines for key services. Meeting service standard targets consistently and with quality results reflects the NEB's commitment to efficient and effective regulatory processes.

For natural gas and oil pipeline transportation systems to work well there must be adequate pipeline capacity to move products to consumers. Capacity utilization indicators show that there was more than adequate gas pipeline capacity in 2009-10. Periods of apportionment on some oil pipeline systems indicate that overall oil pipeline capacity remained tight. Additional capacity from the completion of oil pipelines under construction in 2010 will alleviate constraints on oil pipelines.

Pipeline companies must also have adequate financial strength to attract capital on terms that allow them to build needed infrastructure, maintain the safety and environmental integrity of their systems and provide services at a reasonable cost to their customers. The NEB-regulated pipeline sector in 2009-10 was financially sound. Credit ratings continued to be investment grade and companies which raised capital did so on reasonable terms.

The basis of the NEB's approach for authorizing exports is to determine that exports of gas are surplus to Canadian requirements and, in the case of electricity exports, Canadians have access to Canadian-produced energy commodities on terms and conditions at least as favourable as those

available to export buyers. To evaluate this, the NEB monitors the market and reports on its findings. In 2009-10, Canadian market prices remained well connected to North American prices, indicating that Canadian exports are surplus to requirements and that Canadians paid fair market prices for oil, natural gas and electricity.

Shipper satisfaction with the services provided by pipeline companies was not measured in 2009-10, as the Pipeline Services Survey was not conducted due to shipper feedback that an annual survey was not warranted. This biennial survey is planned to occur again in 2010-11.

The NEB met most of its service standards this year. Where the Board did not meet its expectations, the processes and resource allocations were reviewed to ensure future success. A report on 2009-10 service standard results is provided in Section III.

Regulatory Initiatives

The NEB's expertise in safety, environmental protection and economic regulation, combined with the knowledge and experience of Canadians living in the North, can make a significant contribution to ensuring northern energy projects are considered and developed in a sustainable and timely way. To further this goal, 2009-10 was a year of relationship building in the North. In 2009, NEB Chair, Gaétan Caron, and some NEB staff travelled to Cambridge Bay and Iqualuit. During these visits, the Chair and staff met with various organizations to gain a better understanding of their respective roles and responsibilities in the North and to identify ways these organizations could work together to coordinate an approach to future oil and gas development in the North. The groundwork was laid to ensure preparedness for future northern development. As well, a Northern Action and Resource Plan was completed, which identified actions that will be incorporated into the NEB's 2010-11 work plan. In 2010-11, the NEB will support Indian and Northern Affairs Canada and Natural Resources Canada in improving the legislative framework in the North.

Building on previous work, the NEB launched internet-based applications for the export of crude oil, electricity, natural gas and/or natural gas liquids and the import of natural gas. The online system improves the efficiency of the regulatory process and simplifies the application assessment process. The Board also provided better information to potential applicants on the filing requirements related to these applications.

Amendments to the *Cost Recovery Regulations* affecting the electricity industry came into effect in 2010. These amendments are designed to ensure a more equitable recovery of costs from the electricity industry and to improve the clarity and effectiveness of the cost recovery system. Costs previously recovered from electricity exporters will now instead be recovered from NEB-regulated power line companies.

In 2009, the NEB continued to pursue funding to convert the paper and microfiche records of seismic information and well logs currently held by the NEB's Frontier Information Office into a digital format. This data conversion will support enhanced use by energy companies conducting exploration in the North.

Approximately 400,000 essential record images were converted to digital format in 2009-10. These include Board Orders dating to 1959, NGTL data received from the Alberta Utilities Commission and the Energy Resources Conservation Board as part of the jurisdictional change, and information about the Northern Pipeline Agency - Foothills Pipeline. The essential record conversion is on-going and will continue in 2010-11.

In 2009-10, a new initiative was introduced that will streamline regulatory processes and support positive environmental outcomes. In the 2010 budget, the NEB received legislative authority to establish a PFP under the NEB Act. The new Participant Funding amendment, with existing substitution provisions of the *Canadian Environmental Assessment Act* (CEA Act), will allow the NEB to deliver environmental assessments for projects within its jurisdiction that normally would have been assessed by a joint review panel established under the CEA Act.

In 2009, the NEB signed four Project Agreements coordinated by the MPMO (Keystone XL, Enbridge Northern Gateway, NGTL Groundbirch, and NGTL Horn River). Keystone XL and NGTL Groundbirch were completed in 2009-10. By working with the MPMO, the NEB is helping to ensure a clear, consistent and coordinated federal approach to the review of major resource projects.

Another successful partnership initiative completed in 2009-10 resulted in the promulgation of the *Canada Oil and Gas Drilling and Production Regulations* on December 31, 2009. This is the first goal-oriented, multi-jurisdictional regulation to be developed in Canada. The NEB partnered with the Canada-Nova Scotia Offshore Petroleum Board, the Canada-Newfoundland and Labrador Offshore Petroleum Board and three governments to improve the regulatory framework to ensure safe and environmentally-sound regulated facilities and activities related to frontier and offshore oil and gas exploration and development.

Lessons Learned

After a period of low and declining incident rates, the number of safety issues recently has increased. The cause(s) of this increase must be determined and addressed. The Board will be focussing on this in the coming years with the intent of improving the safety and environmental performance of federally-regulated pipelines.

The transfer of jurisdiction of the NGTL system to the NEB highlighted the importance for the NEB to be able to effectively prepare itself for workload fluctuations and maintain its flexibility to efficiently respond to applications and other regulatory issues. To ensure this, the NEB will continue to improve its planning and resourcing of activities as well as continue to promote knowledge sharing and development.

In 2009-10, the NEB continued to improve its efforts to respect the rights and interests of those affected by NEB-regulated facilities and activities. The Board has taken a number of steps to improve its engagement activities and to include groups previously not easily involved in regulatory proceedings (e.g., LMCI). Into the future, the NEB must continue to enhance and broaden its mechanisms for stakeholder engagement, involvement and feedback. An example of this will be a new participant funding program which will allow the public to access resources to support their timely and meaningful participation in the regulatory decisions that affect them.

2.3 Program Activity: Energy Information

The program provides the Board, industry, policy makers, and the Canadian public with energy industry information and market surveillance, including the outlook for supply and demand of energy commodities in Canada, to assist in decision making regarding energy infrastructure and markets. This program meets requirements under Part II of the NEB Act by informing Canadians on energy market developments and issues related to the Board's regulatory mandate, which are primarily in the gas, oil and electricity market sectors, and under Part VI of the NEB Act by providing market analysis to determine whether Canadians are able to access energy at fair market prices.

Program Activity: Energy Information					
2009–10 Financial Resources ($ millions)			2009–10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
7.3	7.5	6.8	42	35.01	-6.99

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
Canadians benefit from efficient energy infrastructure and markets	The Board's advice and energy information products are relevant and timely Assessed via feedback from internal and external clients on Energy Information Program products via questionnaires after workshops, comments cards with publications, interviews with clients	Majority of feedback shows that Energy Information Program clients find products useful and relevant	Not Measured	No formal measures or surveys were done in 2009-10. The measurement framework is under re-development.
	NEB website provides timely and relevant energy market information	Meet or exceed visits to content on the NEB website from previous year	Not Measured	Technical difficulties did not allow tracking of web visits for 2009-10. A new web tracking tool has been implemented.

Benefits for Canadians

Providing energy advice, information and market monitoring contributes to Canada's pursuit of a sustainable energy future by allowing policy makers, industry and the Canadian public to have access to expert knowledge and energy market information so they can make informed choices about energy options. This program focuses on providing Canadians with information that is timely, objective and relevant. Through its monitoring of energy exports, the Board determines whether Canadian energy users have access to domestically-produced energy on terms and conditions at least as favourable as those available to export buyers and assesses whether energy markets are functioning properly.

Performance Analysis

The NEB collects and analyzes information about Canadian energy markets through regulatory processes and market monitoring to support the Board's regulatory program, and to provide public information that helps policy makers, industry and Canadians make informed decisions. In 2009-10, the Energy Information Program (EIP) continued to grow and improve. During the year, the NEB published and distributed five Energy Market Assessments, including an updated reference case analysis from *Canada's Energy Future: Reference Case and Scenarios to 2030*; three Energy Briefing Notes; and Summer and Winter Energy Outlooks. The Board also updated the energy pricing information on the NEB's website and introduced RSS feeds to keep stakeholders better informed. As well, the NEB organized and hosted the 2010 Energy Futures Conference. Client feedback from the conference was positive with 96% of participants surveyed strongly agreeing or agreeing that the information presented was of interest and relevance. Due to technical difficulties, the NEB was unable to track visits to its website in 2009-10; however, a new web visit tracking tool has been implemented.

The NEB worked with other departments in the Canadian government to improve the quality of energy data available to Canadians through the Joint Data Initiative. The Board also has a program to convert the gathering of export and import data to online systems. This work was placed on hold due to resource constraints in 2009 and is set to resume in 2010.

Lessons Learned

In 2009-10, the EIP continued to provide timely and relevant energy information to Canadians. A major focus for the year was making information products more accessible through the better use of plain language and web-releasing publications. This approach must continue into the future with the goal of improving access to EIP products through better format, plain language, relevant content and modern delivery mechanisms. Further, new measures and means of assessing client satisfaction with the NEB's energy information products and workshops are required to ensure that the program continues to effectively inform the public and government on key energy matters.

2.4 Program Activity: Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Program Activity: Internal Services					
2009–10 Financial Resources ($ millions)			2009–10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
16.4	23.2	20.3	125.9	161.57	+35.67

Performance Analysis

Innovative Leadership and Effective Support Processes

The NEB's Internal Services program requires sound business management and effective decision-making to ensure that the organization has the people, business processes, technologies, facilities and financial resources available to carry out its mandate.

Resource Capacity to Fulfil the NEB Mandate

Despite the economic downturn, 2009-10 was an extremely busy year at the NEB. The downturn somewhat reduced the competition in the Calgary labour market and enabled the NEB to increase its permanent staffing levels. The NEB hired 52 full-time employees in 2009-10, representing 15 per cent of its total FTE complement by the end of the year. These employees were hired to meet the Board's growing workload as a result of increased regulatory obligations and to fill existing vacancies. Overall, the NEB is well-staffed to deliver on its mandate.

In 2009, the NEB implemented a new People Strategy, which is a cornerstone of its attraction and retention strategy. The People Strategy is aimed at maximizing employee engagement at the NEB, thereby maximizing staff's contribution to the NEB's goals. The People Strategy comprises six commitments to staff in return for their commitment to produce results for the NEB. These commitments include support for professional learning and development; a commitment to providing an appropriate work/life balance for all employees; effective leadership; a competitive compensation package; a supportive and inclusive work place; and a commitment to provide interesting and challenging work. A number of initiatives support each of the commitments in the People Strategy.

To assess the effectiveness of the NEB's People Strategy, regular employee feedback is solicited. In 2010, an internal survey was conducted to measure employee satisfaction with workplace conditions and an external survey was conducted by Towers Perrin. The external survey showed that the NEB has significantly higher employee engagement scores compared to Canadian averages. The internal survey showed that 92 per cent of employees agree that the NEB is "a good place to work." This was higher than the NEB's target of 85 per cent. The NEB's attrition rate dropped in 2009-10 by 2.43 per cent to 9.54 per cent for the year. The NEB was also recognized as one of Alberta's Top 50 Employers for 2010 as assessed in an independent review by a major media organization.

Learning and Development

Considerable expertise is required throughout the organization to carry out the NEB's mandate. To support knowledge acquisition and transfer, time and resources were invested in 2008-09 to develop a comprehensive learning and development program. In 2009-10, the Board finished defining and began implementing its learning and development framework. The program encompasses formal and informal learning opportunities such as classroom and web-based training, job-shadowing, coaching/mentoring, and a new emerging leaders development program.

Improving Corporate Effectiveness

Building a results-based culture is key to achieving the NEB's commitments. The NEB's ISO-based Quality Management System (QMS) promotes a cycle of continuous improvement for the organization. Through the consistent documentation, use and evaluation of processes, the NEB can better understand and assess where process improvements should be made. Although the Board continued to implement and make use of the system in 2009-10, greater focus will be applied in the coming year to ensure that all processes meet baseline requirements of the QMS. Communication, training and ongoing process management support is required to integrate the principles of quality management throughout the organization and to elevate the understanding of quality management and its contribution to achieving quality regulatory outcomes.

In 2009-10, a business continuity plan was developed and implemented in accordance with the recommendations from the 2008 Management Accountability Framework (MAF) assessment. The MAF assessment also identified that financial management should be improved. Financial accounting and management processes were incorporated into the QMS and exceed baseline standards. Financial processes were also more closely aligned to planning and reporting processes. Human Resources processes were also incorporated into the QMS in 2009-10.

Information systems are critical in ensuring regulatory effectiveness in line with the Board's risk-based approach and to manage program records efficiently. This year, the NEB completed its three-year implementation plan for the Records, Document and Information Management System as part of its Information Management Renewal Plan.

Lessons Learned

Over the past few years, the NEB suffered from significant attrition largely due to the challenge of competing for staff in a booming Calgary marketplace. While the NEB successfully hired 52 new people, the organization was unable to fill an additional 56 positions in a timely manner. This resulted in reduced organizational effectiveness and the addition of significant staffing, orientation and training costs.

Into the future, the NEB must work proactively and creatively to ensure it has the ability to successfully retain and attract high quality staff in a competitive market place. One way in which the NEB will do so is through the continued implementation of its People Strategy. While the People Strategy is only one year old, the NEB is confident that it is working, as shown by high employee engagement scores. The NEB will continue to pursue its People Strategy to ensure it has the motivated and knowledgeable staff required to deliver high quality results for both the NEB and the Canadian public.

SECTION III : SUPPLEMENTARY INFORMATION

3.1 Financial Highlights

The NEB is funded through Parliamentary appropriations. The Government of Canada recovers approximately 90 per cent of the appropriation from the regulated industry. These revenues are deposited directly into the Consolidated Revenue Fund. This process is regulated by the *Cost Recovery Regulations* under the NEB Act.

($ thousands)

Condensed Statement of Financial Position At end of Fiscal Year (March 31, 2010)	**% Change**	**2008–09**	**2009–10**
ASSETS			
Total Assets	104.4%	15,591	31,871
TOTAL	104.4%	15,591	31,871
LIABILITIES			
Total Liabilities	44.3%	15,011	20,467
EQUITY			
Total Equity	1661.4%	580	11,404
TOTAL	104.4%	15,591	31,871

($ thousands)

Condensed Statement of Financial Operations At end of Fiscal Year (March 31, 2010)	**% Change**	**2008–09**	**2009–10**
EXPENSES			
Total Expenses	4.9%	59,429	61,155
REVENUES			
Total Revenues	19.5%	52,179	62,344
NET COST OF OPERATIONS	-100.0%	-7,250	1

Financial Statements

The NEB's financial statements are located on the NEB's website.

3.2 List of Tables

The following tables are located on the Treasury Board Secretariat website:

- Sources of Non-Respendable Revenue
- User Fees / External Fees
- Internal Audits and Evaluations

3.3 Other Items of Interest

NEB Service Standards are located on the NEB's website.